

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1726  
ANSWERED ON:19.11.2010  
PPN SCHEME IN HEALTH INSURANCE  
Ananth Kumar Shri

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the public sector insurance companies have introduced a Preferred Provider Network (PPN) scheme in health insurance and removed a number of hospitals from their empanelled list for health insurance coverage;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the corrective steps taken/being taken by the Government in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c) : The Cashless Medical Insurance is provided by the Public Sector General Insurance Companies (PSGICs) through Third Party Administrators (TPAs). However, the health insurance portfolio is characterized by mounting losses mainly because some of the hospitals tend to charge health insurance policy holders at rates which are quite higher than the reasonable cost of treatment. As a result the policyholders are generally left with smaller amount of sum assured to be used for any further hospitalization during the remaining period of the health policy thereby causing undue hardship to them. Keeping this in view PSGICs have started rationalization of empanelment of hospitals and standardization of rates and specified procedures followed by the hospitals. The names of the hospitals that have agreed to work at given rates for specified procedures have been added to the Preferred Provider Network (PPN) for providing cashless health insurance facility. This has been started w.e.f. 1.7.2010 in the cities of Delhi, Mumbai, Bangalore and Kolkata. In the rest of India the earlier process of rendering cashless facility is still continuing.

Presently, 539 hospitals (Delhi-170, Mumbai-169, Chennai-104 and Bangalore-96) are on the PPN that have agreed to work at given rates for specified procedures. However, apart from the cashless facility under the PPN Network, the settlement of claims on reimbursement basis continues to be available for all hospitals (including non-network) in the country. The list of hospitals in the PPN in the four cities is available on the websites of TPAs/Insurance companies.